

**DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS NUMBER: 03-0064P
Gross Income Tax
For Calendar Year 2000**

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ISSUE(S)

I. Tax Administration – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalties assessed.

STATEMENT OF FACTS

Taxpayer was assessed a penalty for failing to file and make payment by the due date of the return and a penalty for the underpayment of estimated income taxes. Taxpayer protests the proposed penalty assessments for the underpayment of estimated tax and the late penalty. Taxpayer's Calendar Year 2000 Return was filed on March 5, 2002 with a balance due in the amount of \$17,784 that it remitted with the return. Taxpayer made no estimated payments throughout the year.

I. Tax Administration – Penalty

DISCUSSION

Taxpayer protests the penalties assessed for the underpayment of estimated income taxes and the late payment of taxes. Taxpayer paid none of its prior year's estimated taxes by the due date of the return. Taxpayer filed its return and payment late, which generated a late payment penalty. Taxpayer made no quarterly estimated payments throughout the year and was assessed a penalty for the underpayment of estimated income taxes.

Taxpayer requests an abatement of the penalty and states it was not "deliberate or negligent" but based its tax liability upon the trial balance available at the time of filing an extension.

To avoid the penalty, the quarterly estimate must equal at least twenty percent (20%) of the total income tax liability for the current taxable year or twenty-five percent (25%) of the final income

tax liability for the prior taxable year. Taxpayer failed to make the quarterly estimated payments.

Taxpayer also failed to pay tax timely and has not provided reasonable cause to allow a penalty waiver. Procedures should have been in effect to assure that taxes were timely paid.

FINDING

Taxpayer's protest is denied.